

62-7511

**ASHLAND – GRANT FIRE DISTRICT**

**NEWAYGO COUNTY, MICHIGAN**

**AUDIT REPORT**

**MARCH 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name ASHLAND GRANT FIRE DISTRICT	County NEWAYGO
Audit Date MARCH 31, 2004	Opinion Date JUNE 4, 2004	Date Accountant Report Submitted to State: JUNE 28, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGR).			X

Certified Public Accountant (Firm Name) TERRY KIRKPATRICK, CPA, PC			
Street Address 211 MAPLE STREET	City BIG RAPIDS	State MI	ZIP 49307
Accountant Signature <i>Terry D Kirkpatrick CPA</i>		Date 6-23-04	

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**Independent Auditor's Report**

June 4, 2004

Members of the Joint Administrative Fire Board  
Ashland-Grant Fire District  
Newaygo County, Michigan:

We have audited the accompanying general purpose financial statements of the Ashland-Grant Fire District, Newaygo County, Michigan as of and for the year ended March 31, 2004, as listed on the contents page. These general purpose financial statements are the responsibility of management of the Ashland-Grant Fire District. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ashland-Grant Fire District as of March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and individual account group financial statements and schedules listed on the contents page are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Ashland-Grant Fire District, Newaygo County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Terry Kirkpatrick, CPA, P.C.*

# Ashland-Grant Fire District – Newaygo County, Michigan

Combined Balance Sheet  
All Fund Types and Account Groups  
March 31, 2004  
With Comparative Totals at March 31, 2003

	Governmental		Account		Totals	
	Fund Types		Groups		(Memorandum Only)	
	General	Capital Projects	General	Fixed Assets	2004	2003
<b>ASSETS</b>						
Cash in Bank	\$ 71,843	\$ 113,206	\$ 0	\$ 0	\$ 185,049	\$ 113,209
Certificate of Deposit	30,290	239,267	0	0	269,557	263,378
Due from Ashland Township	5,555	3,858	0	0	9,413	9,500
Due from Grant Township	8,871	4,506	0	0	13,377	12,150
Due from City of Grant	0	329	0	0	329	0
Due from Fire Equipment Fund	15,659	0	0	0	15,659	15,659
Land	0	0	2,000	0	2,000	2,000
Buildings	0	0	82,098	0	82,098	82,098
Vehicles and Equipment	0	0	261,406	0	261,406	261,406
Total assets	\$ 132,218	\$ 361,166	\$ 345,504	\$ 0	\$ 838,888	\$ 759,400
<b>LIABILITIES AND FUND EQUITY</b>						
Payroll Tax Payable	\$ 441	\$ 0	\$ 0	\$ 0	\$ 441	\$ 0
Firemen Deposits in Trust	4,197	0	0	0	4,197	3,644
Due to General Fund	0	15,659	0	0	15,659	15,659
Investment in General Fixed Assets	0	0	345,504	0	345,504	345,504
Fund Balance	127,580	345,507	0	0	473,087	394,593
Total liabilities and fund equity	\$ 132,218	\$ 361,166	\$ 345,504	\$ 0	\$ 838,888	\$ 759,400

The "Notes to Financial Statements" are an integral part of these statements.

Ashland-Grant Fire District – Newaygo County, Michigan  
Combined Statement of Revenues, Expenditures and Changes in Fund Balance –  
All Governmental Fund Types  
For the Year Ended March 31, 2004  
With Comparative Totals at March 31, 2003

	Governmental Fund Types		Totals (Memorandum Only)	
	<u>General</u>	<u>Capital Projects</u>	<u>2004</u>	<u>2003</u>
REVENUES				
Contributions from Local Units	\$ 57,919	\$ 57,919	\$ 115,838	\$ 109,521
Charges for Services	27,868	0	27,868	27,946
Interest and Rents	999	5,706	6,705	8,046
Other Revenue	775	2,395	3,170	15,640
Total revenues	<u>87,561</u>	<u>66,020</u>	<u>153,581</u>	<u>161,153</u>
EXPENDITURES				
Public Safety	<u>75,087</u>	<u>0</u>	<u>75,087</u>	<u>85,997</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,474	66,020	78,494	75,156
FUND BALANCE - April 1	115,106	279,487	394,593	319,437
FUND BALANCE - March 31	<u>\$ 127,580</u>	<u>\$ 345,507</u>	<u>\$ 473,087</u>	<u>\$ 394,593</u>

The "Notes to Financial Statements" are an integral part of these statements.

Ashland-Grant Fire District – Newaygo County, Michigan  
Statement of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – General Fund  
For the Year Ended March 31, 2004

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Contributions from Local Units	\$ 55,500	\$ 57,919	\$ 2,419
Charges for Services	28,850	27,868	(982)
Interest and Rents	400	999	599
Other Revenue	1,000	775	(225)
Total revenues	85,750	87,561	1,811
EXPENDITURES			
Public Safety	96,525	75,087	21,438
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,775)	12,474	23,249
FUND BALANCE - April 1, 2003	115,106	115,106	0
FUND BALANCE - March 31, 2004	\$ 104,331	\$ 127,580	\$ 23,249

The "Notes to Financial Statements" are an integral part of these statements.

***NOTES TO FINANCIAL STATEMENTS***



Ashland-Grant Fire District– Newaygo County, Michigan  
Notes to Financial Statements  
For the Year Ended March 31, 2004

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Account Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Ashland-Grant Fire District. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Originally, the Ashland-Grant Fire District was established between the Newaygo County Townships of Grant and Ashland, and the City of Grant on January 1, 1974 pursuant to 1951 Public Act No. 33, as amended. This agreement was terminated and replaced by a new agreement July 1, 1996. The furnishing and administration of the joint fire protection is under the supervision and direction of a Joint Fire Administrative Board comprising seven members, composed of two members appointed by the Township Board of each of the two Townships, two members appointed by the City Commission of the City of Grant, and the seventh member appointed by the remaining six so-appointed members.

Basis of Presentation

The accounts of the Ashland-Grant Fire District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded in those funds.

The financial activities of the Ashland-Grant Fire District are recorded in separate funds and account groups, categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of: (1) general local unit governmental departments, boards and commissions; (2) court systems; (3) law enforcement; and (4) health, welfare and medical assistance. The fund includes the general operating expenditures of the local unit.

Capital Projects Funds

These funds are used to account for the acquisition or construction of major facilities other than those financed by proprietary fund operations.

ACCOUNT GROUPS

General Fixed Assets Account Group

This Account Group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Ashland-Grant Fire District– Newaygo County, Michigan  
Notes to Financial Statements - Continued  
For the Year Ended March 31, 2004

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation - Continued

Fixed assets used in the general operation of the Fire District are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are not capitalized.

Basis of Accounting

The accrual basis of accounting is used by the Proprietary Funds, Pension Trust Funds, and Nonexpendable Trust Funds. The modified-accrual basis of accounting is used by all Governmental Funds, Agency Funds and Expendable Trust Funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred. Modifications from the accrual basis are as follows:

- a. Property tax revenue should be recognized in accordance with MCGAA Statement 3:

Properties are assessed and liened as of December 31 and their related property taxes are billed on December 1, of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The Ashland-Grant Fire District does not levy taxes, nor does it have the authority to do so.

- b. Interest income on special assessments receivable is not accrued until its due date.
- c. Interest expense on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- d. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- e. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Revenues, Expenditures and Expenses

1. Contributions from Local Units

Each of the three governmental units that comprise the Ashland-Grant Fire District contribute an amount equal to one mill of their respective valuations. For 2003 the valuations were:

	<u>Assessed Valuation</u>
Ashland Township	\$ 51,508,525
Grant Township	51,671,456
City of Grant	12,658,700

Total Column on Combined Statements – Overview

The total column on the Combined Statements is captioned “Memorandum Only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because inter-fund eliminations have not been made in the aggregation of this data.

**Ashland-Grant Fire District- Newaygo County, Michigan**  
**Notes to Financial Statements - Continued**  
**For the Year Ended March 31, 2004**

**NOTE B - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

Assets and Liabilities

**1. Changes in General Fixed Assets**

	Balance 4/1/2003	Additions	Deletions	Balance 3/31/2004
Land	\$ 2,000	\$ 0	\$ 0	\$ 2,000
Buildings	82,098	0	0	82,098
Vehicles and Equipment	261,406	0	0	261,406
	<u>\$ 345,504</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 345,504</u>

**NOTE C - BALANCE SHEET - CASH AND INVESTMENTS**

Deposits are carried at cost. Deposits are in two financial institutions in the name of the Ashland-Grant Fire District. Michigan Compiled Laws, Section 129.91, authorizes the Ashland-Grant Fire District to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan association. Investments can also be made in bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States, which are guaranteed as to principal and interest by the United States, including securities issued by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; and commercial paper rated with the two highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan, unless the out-of-state bank has a branch located in Michigan. The Ashland-Grant Fire District deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosure for deposits at year-end are as follows:

	<u>Bank Balance</u>	<u>Primary Government</u>
<u>Deposits</u>		
Insured (FDIC)	\$ 200,000	
Uninsured	254,606	
Total deposits	<u>\$ 454,606</u>	

At year-end, the balance sheet carrying amount of deposits was \$454,606.

**NOTE D - RISK FINANCING**

Ashland-Grant Fire District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; liability; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims for these risks have not exceeded insurance coverage for the past two years.

***INDIVIDUAL FUND FINANCIAL STATEMENTS***

Ashland-Grant Fire District- Newaygo County, Michigan  
General Fund  
Comparative Balance Sheet  
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Cash in Bank	\$ 71,843	\$ 60,225
Certificate of Deposit	30,290	29,817
Advance to Fire Equipment Fund	15,659	15,659
Due from Ashland Township	5,555	4,921
Due from Grant Township	8,871	8,128
Total assets	<u>\$ 132,218</u>	<u>\$ 118,750</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Payroll Taxes Payable	\$ 441	\$ 0
Firemen Deposits in Trust	4,197	3,644
Fund Balance	127,580	115,106
Total liabilities and fund equity	<u>\$ 132,218</u>	<u>\$ 118,750</u>

Ashland-Grant Fire District- Newaygo County, Michigan  
General Fund  
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Contributions from Local Units		
Public safety	\$ 57,919	\$ 54,160
Charges for Services		
Fire run charges	18,976	19,658
Fire contracts	8,892	8,288
Total charges for services	<u>27,868</u>	<u>27,946</u>
Interest and Rents		
Interest earned	999	1,480
Other Revenue		
Miscellaneous	775	4,627
Fremont Area Foundation	0	10,000
Total other revenue	<u>775</u>	<u>14,627</u>
Total revenues	<u>87,561</u>	<u>98,213</u>
EXPENDITURES		
Public Safety		
Salaries and wages	26,525	20,073
Social security and Medicare taxes	2,029	1,536
Supplies	5,558	7,278
Gas and oil	1,759	1,213
Contracted services	1,100	1,211
Education and training	0	265
Repair and maintenance	13,251	6,102
Insurance	15,983	13,349
Utilities	4,886	4,169
Miscellaneous	3,996	7,344
Capital outlay	0	23,457
Total expenditures	<u>75,087</u>	<u>85,997</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,474	12,216
FUND BALANCE - April 1	115,106	102,890
FUND BALANCE - March 31	<u>\$ 127,580</u>	<u>\$ 115,106</u>

Ashland-Grant Fire District- Newaygo County, Michigan

Fire Equipment Fund

Comparative Balance Sheet

March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Cash in Bank	\$ 113,206	\$ 52,984
Certificates of Deposit	239,267	233,561
Due from Ashland Township	3,858	4,579
Due from Grant Township	4,506	4,022
Due from City of Grant	329	0
Total assets	<u>\$ 361,166</u>	<u>\$ 295,146</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Advance from General Fund	\$ 15,659	\$ 15,659
Fund Balance	345,507	279,487
Total liabilities and fund equity	<u>\$ 361,166</u>	<u>\$ 295,146</u>

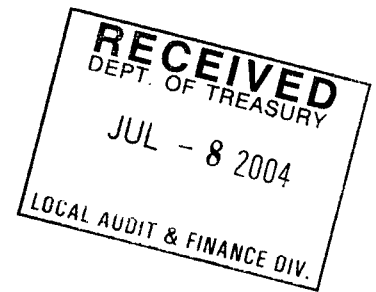
Ashland-Grant Fire District – Newaygo County, Michigan  
 Fire Equipment Fund  
 Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Contributions from Local Units		
Contribution from Local Units - Public Safety	\$ 57,919	\$ 55,361
Interest and Rents		
Interest earned	5,706	6,566
Other Revenue		
Other revenue	2,395	1,013
Total revenues	<u>66,020</u>	<u>62,940</u>
FUND BALANCE - April 1	279,487	216,547
FUND BALANCE - March 31	<u>\$ 345,507</u>	<u>\$ 279,487</u>



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June 4, 2004

Members of the Ashland-Grant Fire District Board  
Ashland-Grant Fire District  
Newaygo County, MI

We recently completed our audit of the general-purpose financial statements of Ashland-Grant Fire District for the year ended March 31, 2004. During our audit, we had an opportunity to test internal controls and to observe the accounting and financial procedures and many of the general management practices of the Ashland-Grant Fire District. Based upon these tests and observations, there are several matters that we specifically want to call to your attention.

**CLERK AND TREASURER DOING A GOOD JOB**

The Clerk and Treasurer of the Fire District have done a commendable job of maintaining the financial records of the Ashland-Grant Fire District once again this year. Keep up the good work.

**OTHER MATTERS**

We have enjoyed working with your staff. Their competence and assistance were instrumental in our timely completion of the audit.

Two copies of the audit report, the auditing procedures report, and this letter should be mailed to the Michigan Department of Treasury, Local Audit Division. A pre-addressed envelope is being provided for your convenience.

If you have any questions regarding this letter or the audit, please do not hesitate to contact us.

*Terry Kirkpatrick, CPA, P.C.*